Globalisation and the Indian Economy

Chapter 4 · Economics

Reading Guide · Glossary · Comprehension · Practice Questions · 10 Puzzles

NCERT Companion Workbook · Based on "Understanding Economic Development, NCERT Class X"

Name: _____

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Chapter Overview

This chapter explains how multinational corporations spread production across countries in search of cheap labour, nearby markets and favourable policies, and how foreign trade links markets across borders. It identifies technology, especially information technology, and liberalisation of trade and investment policy as the two forces that accelerated globalisation over the past few decades. The chapter concludes by weighing globalisation's uneven impact, benefiting skilled workers and established firms far more than small producers and casual workers, and asks what a fairer globalisation would require.

Reading & Study Guide

Section	What to Focus On
Production Across Countries	Explain how an MNC splits design, manufacturing and assembly across nations.
Interlinking Production Across Countries	Note the different routes MNCs use to enter and control local production.
Foreign Trade and Integration of Markets	Trace how imports change prices and choices in a domestic market.
What is Globalisation?	Define globalisation using foreign trade, investment and technology together.
Factors That Have Enabled Globalisation	List the technological and policy changes that accelerated globalisation.
Impact of Globalisation in India	Compare how globalisation affected consumers, skilled workers and small producers differently.
The Struggle for a Fair Globalisation	Describe the roles government and citizens can play in making globalisation fairer.

Key Terms Glossary

Term	What It Means
GLOBALISATION	Rapid economic integration of countries through trade and investment
MULTINATIONAL	Company owning or controlling production in more than one nation
INVESTMENT	Spending on assets like land, buildings and machines
LIBERALISATION	Removal of government restrictions on trade and investment
TARIFF	Tax placed on imported goods

QUOTA	Limit placed on the quantity of goods that can be imported
BARRIER	Restriction used to regulate foreign trade
COMPETITION	Rivalry among producers seeking the same buyers
OUTSOURCING	Placing production orders with external small producers
TECHNOLOGY	Tools and methods enabling faster, cheaper production and trade
TRANSPORT	Movement of goods, made cheaper by improved technology
INTERNET	Global communication network enabling instant data transfer
EXPORT	Goods or services sold to buyers in another country
IMPORT	Goods or services bought from producers in another country
FLEXIBILITY	Reduced job security allowing employers to hire short term
PARTNERSHIP	Joint production arrangement between local and foreign firms
ZONE	Special area offering tax breaks to attract foreign investment
ORGANISATION	Body such as WTO that sets rules for international trade
PRODUCER	Person or firm creating goods or services for the market
CONSUMER	Buyer who purchases goods and services for use
BRAND	Name under which a company markets its products
LABOUR	Human effort used in production, subject to changing laws
MARKET	Place or system where goods and services are exchanged
POLICY	Government decision shaping trade and investment rules

Comprehension Questions

Q1. Explain how a multinational corporation typically spreads its production across several countries.

Q2. How does foreign trade lead to the integration of markets across countries?

Q3. What is liberalisation, and why did India adopt it starting around 1991?

Q4. Describe two factors, other than government policy, that enabled rapid globalisation.

Q5. Why has globalisation's impact on Indian workers and producers been described as uneven?

Q6. What steps does the chapter suggest for making globalisation fairer?

Short-Answer Practice (Worked Examples)

Q1. What is a multinational corporation?

Q2. What is foreign investment?

Q3. Give one example of a trade barrier described in the chapter.

Q4. What is liberalisation?

Q5. Why did small producers like Ravi struggle after import restrictions on capacitors were removed?

Q6. Name one purpose of the World Trade Organisation as described in the chapter.

Objective Practice

A. Multiple Choice Questions

Circle the correct option.

1. A company that owns or controls production in more than one country is called a

a) domestic firm

b) multinational corporation

c) cooperative

d) self-help group

2. Money spent by an MNC on buying assets like land and machines abroad is called

a) foreign trade

b) foreign investment

c) liberalisation

d) collateral

3. A tax placed on imported goods is an example of a

a) subsidy

b) trade barrier

c) quota

d) collateral

4. Removing government restrictions on trade and investment is called

a) globalisation

b) liberalisation

c) outsourcing

d) collaboration

5. Ford Motors set up its large car plant in India near

a) Delhi

b) Mumbai

c) Chennai

d) Kolkata

6. The World Trade Organisation's stated aim is to

a) increase trade barriers

b) liberalise international trade

c) regulate domestic prices

d) issue currency

7. Special Economic Zones are set up in India mainly to

a) attract foreign investment

b) reduce foreign trade

c) increase trade barriers

d) regulate banks

8. Small producers in industries like capacitors and toys were most affected by

a) higher domestic taxes

b) rising competition from cheaper imports

c) government subsidies

d) shortage of raw materials

9. Which of the following is described as a factor enabling globalisation?

a) Reduced international travel

b) Improvements in information technology

c) Higher trade barriers

d) Reduced use of the internet

10. According to the chapter, globalisation's benefits have been

a) shared equally by all

b) concentrated among skilled and wealthy groups

c) limited only to farmers

d) absent in India

B. True or False

1. A multinational corporation controls production in only one country.
2. Foreign trade helps integrate markets of different countries.
3. Liberalisation means increasing government restrictions on trade.
4. India began major trade liberalisation reforms around 1991.
5. Improvements in information technology have played a major role in globalisation.
6. Special Economic Zones offer tax breaks to attract foreign companies.
7. Globalisation has benefited small producers and casual workers the most.

8. The WTO has about 160 member countries according to the chapter.

C. Match the Following

Column A	Column B
1. Multinational corporation	a) Limit on the quantity of goods that can be imported
2. Foreign investment	b) Government restriction such as a tax on imports
3. Liberalisation	c) Area offering tax breaks to attract investors
4. Trade barrier	d) Removal of trade and investment restrictions
5. Special Economic Zone	e) Short-term hiring that reduces job security
6. World Trade Organisation	f) Spending by MNCs on assets abroad
7. Quota	g) Body setting rules for international trade
8. Flexible employment	h) Firm controlling production in more than one country

Higher-Order Thinking (HOTS) Questions

Q1. An Indian toy manufacturer is losing business to cheaper imported toys. Using ideas from the chapter, discuss two different policy responses the government could consider and their tradeoffs.

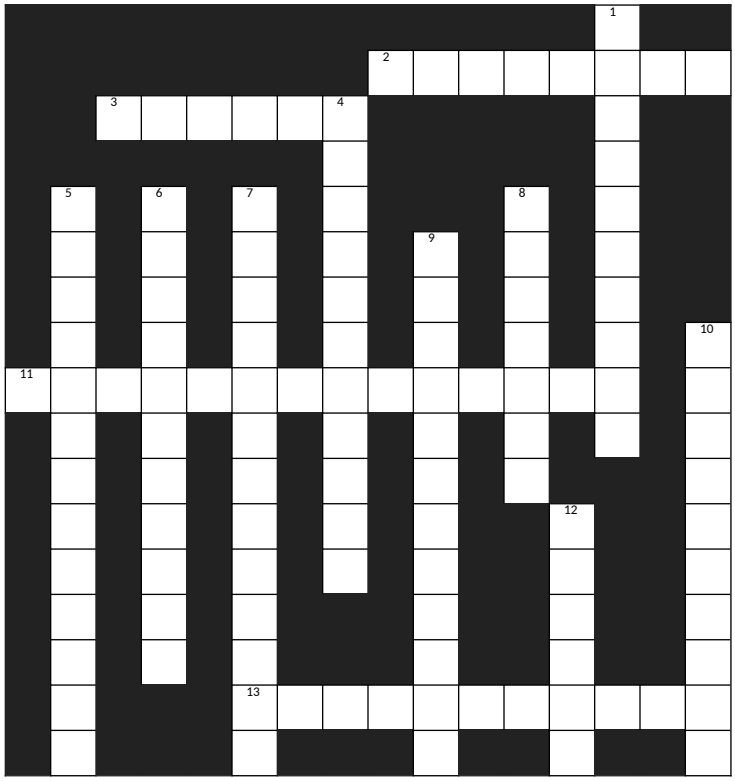
Q2. Explain how the same forces that let Indian call centres serve customers in the United States also expose Indian factory workers to job insecurity.

Q3. Why does the chapter argue that trade between developed and developing countries in agriculture is not always 'free and fair', even after both sides reduce their formal tariffs?

Q4. Should Indian companies be encouraged to become MNCs themselves, as some already have? Give reasoning using the chapter's evidence.

Puzzle Pack -- 10 Puzzles for This Chapter

1. Crossword



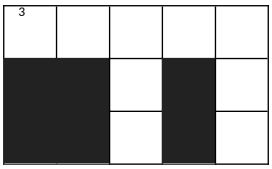
ACROSS

2. Global communication network enabling instant data transfer
3. Tax placed on imported goods
11. Removal of government restrictions on trade and investment
13. Placing production orders with external small producers

DOWN

1. Spending on assets like land, buildings and machines
4. Reduced job security allowing employers to hire short term
5. Company owning or controlling production in more than one nation
6. Rivalry among producers seeking the same buyers
7. Rapid economic integration of countries through trade and investment
8. Restriction used to regulate foreign trade
9. Body such as WTO that sets rules for international trade
10. Tools and methods enabling faster, cheaper production and trade
12. Government decision shaping trade and investment rules

2. Mini Crossword



ACROSS

3. Limit placed on the quantity of goods that can be imported

DOWN

1. Name under which a company markets its products
2. Special area offering tax breaks to attract foreign investment

3. Word Search

T	N	O	I	T	I	T	E	P	M	O	C	I	M	P
L	A	N	O	I	T	A	N	I	T	L	U	M	N	Q
O	U	T	S	O	U	R	C	I	N	G	N	O	A	N
L	I	B	E	R	A	L	I	S	A	T	I	O	N	O
Z	L	V	P	I	H	S	R	E	N	T	R	A	P	I
E	R	U	O	B	A	L	S	C	A	T	W	T	C	T
B	A	R	R	I	E	R	O	S	N	P	Z	M	L	A
T	E	N	R	E	T	N	I	E	B	T	K	L	H	S
R	I	R	C	J	S	N	M	Y	C	I	L	O	P	I
O	M	U	A	U	A	T	O	T	E	K	R	A	M	L
P	P	H	M	G	S	R	E	C	U	D	O	R	P	A
X	O	E	R	E	Q	T	T	A	R	I	F	F	R	B
E	R	O	V	T	E	C	H	N	O	L	O	G	Y	O
Y	T	N	T	R	A	N	S	P	O	R	T	M	V	L
I	I	Y	T	I	L	I	B	I	X	E	L	F	T	G

Find: BARRIER · COMPETITION · CONSUMER · EXPORT · FLEXIBILITY · GLOBALISATION · IMPORT · INTERNET · INVESTMENT · LABOUR · LIBERALISATION · MARKET · MULTINATIONAL · ORGANISATION · OUTSOURCING · PARTNERSHIP · POLICY · PRODUCER · TARIFF · TECHNOLOGY · TRANSPORT

4. Cryptogram

Each letter was replaced by another. Crack the code.

IQSD DZLHXM ZLAMYSRGAQ NALFMNGMH XD RLXMH XQM RHSOQAFAKW FGQJ IXLJHRD.

5. Caesar Coded Message

Every letter is shifted by the same amount. Find the shift.

LQTGFQNXFYNTS FSI YMJ NSINFS JHTSTRD. RSHX XUWJFI UWTIZHYNTS BTWQIBNIJ FX YWFIJ FSI YJHMSTQTLD QNSP RFWPJYX.

6. Word Scramble

Unscramble each set of letters using the clue.

1. IURUGOCTNOS -- Placing production orders with external small producers
2. IENNRTET -- Global communication network enabling instant data transfer
3. ERTOPX -- Goods or services sold to buyers in another country
4. TTIECIPMNOO -- Rivalry among producers seeking the same buyers
5. TFIYIXLLEBI -- Reduced job security allowing employers to hire short term
6. MITAAINOULTLN -- Company owning or controlling production in more than one nation
7. NROTARSTP -- Movement of goods, made cheaper by improved technology
8. UAOLRB -- Human effort used in production, subject to changing laws
9. RCUDREOP -- Person or firm creating goods or services for the market
10. VNTIMENSTE -- Spending on assets like land, buildings and machines

7. Acrostic

The highlighted letters spell a theme.

O _ _ _ _ _ _ _ _ _ _ _ Placing production orders with external small producers

U _ _ _ _ _ _ _ _ _ _ _ _ _ Company owning or controlling production in more than one nation

T _ _ _ _ _ _ Tax placed on imported goods

S _ _ _ _ _ _ _ _ _ _ _ _ _ Rapid economic integration of countries through trade and investment

O _ _ _ _ _ _ _ _ _ _ _ _ Body such as WTO that sets rules for international trade

U _ _ _ _ _ Limit placed on the quantity of goods that can be imported

R _ _ _ _ _ _ _ _ _ _ _ _ _ _ Removal of government restrictions on trade and investment

C _ _ _ _ _ _ _ _ _ _ _ Rivalry among producers seeking the same buyers

E _ _ _ _ _ _ Goods or services sold to buyers in another country

8. Match the Pairs

Match Column A with Column B.

Column A	Column B
A. PARTNERSHIP	1. Joint production arrangement between local and foreign firms
B. EXPORT	2. Goods or services bought from producers in another country
C. POLICY	3. Government decision shaping trade and investment rules
D. ORGANISATION	4. Spending on assets like land, buildings and machines
E. INVESTMENT	5. Tax placed on imported goods

F. IMPORT	6. Goods or services sold to buyers in another country
G. TARIFF	7. Limit placed on the quantity of goods that can be imported
H. QUOTA	8. Body such as WTO that sets rules for international trade

9. Fill in the Blanks

Fill each blank.

1. Rivalry among producers competing for the same buyers is called _____.
2. Hiring workers for short periods without job security is called _____ employment.
3. A limit on the quantity of a good that can be imported is called a _____.
4. Money spent by a company on buying assets in another country is foreign _____.
5. A company that owns or controls production in more than one country is a _____ corporation.
6. A tax placed on imported goods is a type of trade _____.
7. Removing government restrictions on trade and investment is called _____.
8. Zones offering tax breaks to draw foreign companies are called special economic _____.

10. Odd One Out

Circle the item that does not belong.

1. Quota Tariff Trade barrier Investment
2. Krishak Cooperative Ford Motors Cargill Foods Tata Motors
3. Trade barrier Containers Internet Air transport
4. Consumers Large firms Skilled workers Small producers